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ACTION: Amembassy STOCKHOLM 648

Your 488.

There is no basic change in US shipping policy but it appears that within framework of existing law and regulations emphasis will be placed on scrutiny by US departments of rates affecting exports. Believe that Deptel 506 of June 11 and airgram CA-2182 of August 22 gives current information re US shipping statistics and current actions in connection with hearings of Joint Economic Committee. However, in relation Joint Economic Committee activities Embassy may be aware that Acting Secretary Commerce Roosevelt informed Senate Appropriations Committee on September 10 that QUOTE as a result of intervention by the Commerce Department UNQUOTE with North Atlantic Continental Freight Conference nineteen commodity rates had been QUOTE equalized UNQUOTE as to eastbound and westbound rates. Further direct intervention of Commerce Department with various conferences seems indicated. This action engendered by President's Directive and Balance of Payments Message of July 18.

FMC has made public statement that QUOTE it will give top priority to the effects of freight rates on the US balance payments UNQUOTE.

Additionally Attorney General on September 8 has ruled that cargo preference

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State Dept. review completed

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preference law applies not only in connection with Title IV, Public Law 480 transactions on a government to government basis but also to surplus commodities financed by the US Government and sold to private traders. While this development undoubtedly distasteful to Swedish shipping interests Embassy if questioned may observe that ~~nothing is being done~~ ^{matter} ~~and was studied for six months by Department~~ of Justice. Attorney General's action does not constitute extension of basic US shipping policy but legal clarification of existing law. Copies of opinion not yet made public but will be forwarded to Embassy as soon as available.

RUSK

LEGISLATIVE COUNSEL

SEP 20 9 01 AM '63

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